

SENATE BILL No. 330

DIGEST OF SB 330 (Updated January 24, 2008 10:56 am - DI 44)

Citations Affected: IC 6-3; noncode.

Synopsis: Eligibility for long term care policy deduction. Provides a deduction from adjusted gross income for premiums paid for a policy of long term care insurance. (Current law limits the deduction to premiums paid for a qualified long term care policy.)

Effective: January 1, 2009.

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January 10, 2008, read first time and referred to Committee on Appropriations. January 24, 2008, reported favorably — Do Pass.





Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

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SENATE BILL No. 330

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

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- SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.144-2007, SECTION 3, AS AMENDED BY P.L.211-2007, SECTION 19, AND AS AMENDED BY P.L.223-2007, SECTION 1, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:
- (a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:
 - (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
 - (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
 - (3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse

SB 330—LS 6822/DI 114+



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1	one thousand dollars (\$1,000).
2	(4) Subtract one thousand dollars (\$1,000) for:
3	(A) each of the exemptions provided by Section 151(c) of the
4	Internal Revenue Code;
5	(B) each additional amount allowable under Section 63(f) of
6	the Internal Revenue Code; and
7	(C) the spouse of the taxpayer if a separate return is made by
8	the taxpayer and if the spouse, for the calendar year in which
9	the taxable year of the taxpayer begins, has no gross income
10	and is not the dependent of another taxpayer.
11	(5) Subtract:
12	(A) for taxable years beginning after December 31, 2004, one
13	thousand five hundred dollars (\$1,500) for each of the
14	exemptions allowed under Section 151(c)(1)(B) of the Internal
15	Revenue Code (as effective January 1, 2004); and
16	(B) five hundred dollars (\$500) for each additional amount
17	allowable under Section 63(f)(1) of the Internal Revenue Code
18	if the adjusted gross income of the taxpayer, or the taxpayer
19	and the taxpayer's spouse in the case of a joint return, is less
20	than forty thousand dollars (\$40,000).
21	This amount is in addition to the amount subtracted under
22	subdivision (4).
23	(6) Subtract an amount equal to the lesser of:
24	(A) that part of the individual's adjusted gross income (as
25	defined in Section 62 of the Internal Revenue Code) for that
26	taxable year that is subject to a tax that is imposed by a
27	political subdivision of another state and that is imposed on or
28	measured by income; or
29	(B) two thousand dollars (\$2,000).
30	(7) Add an amount equal to the total capital gain portion of a
31	lump sum distribution (as defined in Section 402(e)(4)(D) of the
32	Internal Revenue Code) if the lump sum distribution is received
33	by the individual during the taxable year and if the capital gain
34	portion of the distribution is taxed in the manner provided in
35	Section 402 of the Internal Revenue Code.
36	(8) Subtract any amounts included in federal adjusted gross
37	income under Section 111 of the Internal Revenue Code as a
38	recovery of items previously deducted as an itemized deduction
39	from adjusted gross income.
40	(9) Subtract any amounts included in federal adjusted gross
41	income under the Internal Revenue Code which amounts were
42	received by the individual as supplemental railroad retirement



1	annuities under 45 U.S.C. 231 and which are not deductible under
2	subdivision (1).
3	(10) Add an amount equal to the deduction allowed under Section
4	221 of the Internal Revenue Code for married couples filing joint
5	returns if the taxable year began before January 1, 1987.
6	(11) Add an amount equal to the interest excluded from federal
7	gross income by the individual for the taxable year under Section
8	128 of the Internal Revenue Code if the taxable year began before
9	January 1, 1985.
10	(12) Subtract an amount equal to the amount of federal Social
11	Security and Railroad Retirement benefits included in a taxpayer's
12	federal gross income by Section 86 of the Internal Revenue Code.
13	(13) In the case of a nonresident taxpayer or a resident taxpayer
14	residing in Indiana for a period of less than the taxpayer's entire
15	taxable year, the total amount of the deductions allowed pursuant
16	to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
17	which bears the same ratio to the total as the taxpayer's income
18	taxable in Indiana bears to the taxpayer's total income.
19	(14) In the case of an individual who is a recipient of assistance
20	under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
21	subtract an amount equal to that portion of the individual's
22	adjusted gross income with respect to which the individual is not
23	allowed under federal law to retain an amount to pay state and
24	local income taxes.
25	(15) In the case of an eligible individual, subtract the amount of
26	a Holocaust victim's settlement payment included in the
27	individual's federal adjusted gross income.
28	(16) For taxable years beginning after December 31, 1999,
29	subtract an amount equal to the portion of any premiums paid
30	during the taxable year by the taxpayer for a qualified policy of
31	long term care policy insurance (as defined in IC 12-15-39.6-5)
32	IC 12-15-39.6-3) for the taxpayer or the taxpayer's spouse, or
33	both.
34	(17) Subtract an amount equal to the lesser of:
35	(A) for a taxable year:
36	(i) including any part of 2004, the amount determined under
37	subsection (f); and
38	(ii) beginning after December 31, 2004, two thousand five
39	hundred dollars (\$2,500); or
40	(B) the amount of property taxes that are paid during the
41	taxable year in Indiana by the individual on the individual's
42	principal place of residence.



1	(18) Subtract an amount equal to the amount of a September 11	
2	terrorist attack settlement payment included in the individual's	
3	federal adjusted gross income.	
4	(19) Add or subtract the amount necessary to make the adjusted	
5	gross income of any taxpayer that owns property for which bonus	
6	depreciation was allowed in the current taxable year or in an	
7 8	earlier taxable year equal to the amount of adjusted gross income	
9	that would have been computed had an election not been made	
10	under Section 168(k) of the Internal Revenue Code to apply bonus	
11	depreciation to the property in the year that it was placed in service.	
12	(20) Add an amount equal to any deduction allowed under	
13	Section 172 of the Internal Revenue Code.	
14	(21) Add or subtract the amount necessary to make the adjusted	
15	gross income of any taxpayer that placed Section 179 property (as	
16	defined in Section 179 of the Internal Revenue Code) in service	
17	in the current taxable year or in an earlier taxable year equal to	
18	the amount of adjusted gross income that would have been	
19	computed had an election for federal income tax purposes not	
20	been made for the year in which the property was placed in	
21	service to take deductions under Section 179 of the Internal	
22	Revenue Code in a total amount exceeding twenty-five thousand	
23	dollars (\$25,000).	
24	(22) Add an amount equal to the amount that a taxpayer claimed	
25	as a deduction for domestic production activities for the taxable	
26	year under Section 199 of the Internal Revenue Code for federal	
27	income tax purposes.	
28	(23) Subtract an amount equal to the amount of the taxpayer's	V
29	qualified military income that was not excluded from the	
30	taxpayer's gross income for federal income tax purposes under	
31	Section 112 of the Internal Revenue Code.	
32	(23) (24) Subtract income that is:	
33	(A) exempt from taxation under IC 6-3-2-21.7; and	
34	(B) included in the individual's federal adjusted gross income	
35	under the Internal Revenue Code.	
36	(b) In the case of corporations, the same as "taxable income" (as	
37	defined in Section 63 of the Internal Revenue Code) adjusted as	
38	follows:	
39	(1) Subtract income that is exempt from taxation under this article	
40	by the Constitution and statutes of the United States.	
41	(2) Add an amount equal to any deduction or deductions allowed	

or allowable pursuant to Section 170 of the Internal Revenue



1	Code.
2	(3) Add an amount equal to any deduction or deductions allowed
3	or allowable pursuant to Section 63 of the Internal Revenue Code
4	for taxes based on or measured by income and levied at the state
5	level by any state of the United States.
6	(4) Subtract an amount equal to the amount included in the
7	corporation's taxable income under Section 78 of the Internal
8	Revenue Code.
9	(5) Add or subtract the amount necessary to make the adjusted
0	gross income of any taxpayer that owns property for which bonus
.1	depreciation was allowed in the current taxable year or in an
.2	earlier taxable year equal to the amount of adjusted gross income
.3	that would have been computed had an election not been made
4	under Section 168(k) of the Internal Revenue Code to apply bonus
. 5	depreciation to the property in the year that it was placed in
.6	service.
.7	(6) Add an amount equal to any deduction allowed under Section
. 8	172 of the Internal Revenue Code.
9	(7) Add or subtract the amount necessary to make the adjusted
20	gross income of any taxpayer that placed Section 179 property (as
21	defined in Section 179 of the Internal Revenue Code) in service
22	in the current taxable year or in an earlier taxable year equal to
23	the amount of adjusted gross income that would have been
24	computed had an election for federal income tax purposes not
2.5	been made for the year in which the property was placed in
26	service to take deductions under Section 179 of the Internal
27	Revenue Code in a total amount exceeding twenty-five thousand
28	dollars (\$25,000).
29	(8) Add an amount equal to the amount that a taxpayer claimed as
30	a deduction for domestic production activities for the taxable year
51	under Section 199 of the Internal Revenue Code for federal
32	income tax purposes.
33	(9) Add to the extent required by IC 6-3-2-20 the amount of
34	intangible expenses (as defined in IC 6-3-2-20) and any directly
35	related intangible interest expenses (as defined in IC 6-3-2-20) for
66	the taxable year that reduced the corporation's taxable income (as
37	defined in Section 63 of the Internal Revenue Code) for federal
88	income tax purposes.
19	(10) Add an amount equal to any deduction for dividends paid (as
10	defined in Section 561 of the Internal Revenue Code) to
1	shareholders of a captive real estate investment trust (as defined
12	in section 34.5 of this chapter).



1	(11) Subtract income that is:	
2	(A) exempt from taxation under IC 6-3-2-21.7; and	
3	(B) included in the corporation's taxable income under the	
4	Internal Revenue Code.	
5	(c) In the case of life insurance companies (as defined in Section	
6	816(a) of the Internal Revenue Code) that are organized under Indiana	
7	law, the same as "life insurance company taxable income" (as defined	
8	in Section 801 of the Internal Revenue Code), adjusted as follows:	
9	(1) Subtract income that is exempt from taxation under this article	
10	by the Constitution and statutes of the United States.	
11	(2) Add an amount equal to any deduction allowed or allowable	
12	under Section 170 of the Internal Revenue Code.	
13	(3) Add an amount equal to a deduction allowed or allowable	
14	under Section 805 or Section 831(c) of the Internal Revenue Code	
15	for taxes based on or measured by income and levied at the state	
16	level by any state.	
17	(4) Subtract an amount equal to the amount included in the	
18	company's taxable income under Section 78 of the Internal	
19	Revenue Code.	
20	(5) Add or subtract the amount necessary to make the adjusted	
21	gross income of any taxpayer that owns property for which bonus	
22	depreciation was allowed in the current taxable year or in an	
23	earlier taxable year equal to the amount of adjusted gross income	
24	that would have been computed had an election not been made	
25	under Section 168(k) of the Internal Revenue Code to apply bonus	
26	depreciation to the property in the year that it was placed in	
27	service.	
28	(6) Add an amount equal to any deduction allowed under Section	
29	172 or Section 810 of the Internal Revenue Code.	
30	(7) Add or subtract the amount necessary to make the adjusted	
31	gross income of any taxpayer that placed Section 179 property (as	
32	defined in Section 179 of the Internal Revenue Code) in service	
33	in the current taxable year or in an earlier taxable year equal to	
34	the amount of adjusted gross income that would have been	
35	computed had an election for federal income tax purposes not	
36	been made for the year in which the property was placed in	
37	service to take deductions under Section 179 of the Internal	
38	Revenue Code in a total amount exceeding twenty-five thousand	
39	dollars (\$25,000).	
40	(8) Add an amount equal to the amount that a taxpayer claimed as	
41	a deduction for domestic production activities for the taxable year	
42	under Section 199 of the Internal Revenue Code for federal	



1	income tax purposes.
2	(9) Subtract income that is:
3	(A) exempt from taxation under IC 6-3-2-21.7; and
4	(B) included in the insurance company's taxable income under
5	the Internal Revenue Code.
6	(d) In the case of insurance companies subject to tax under Section
7	831 of the Internal Revenue Code and organized under Indiana law, the
8	same as "taxable income" (as defined in Section 832 of the Internal
9	Revenue Code), adjusted as follows:
10	(1) Subtract income that is exempt from taxation under this article
11	by the Constitution and statutes of the United States.
12	(2) Add an amount equal to any deduction allowed or allowable
13	under Section 170 of the Internal Revenue Code.
14	(3) Add an amount equal to a deduction allowed or allowable
15	under Section 805 or Section 831(c) of the Internal Revenue Code
16	for taxes based on or measured by income and levied at the state
17	level by any state.
18	(4) Subtract an amount equal to the amount included in the
19	company's taxable income under Section 78 of the Internal
20	Revenue Code.
21	(5) Add or subtract the amount necessary to make the adjusted
22	gross income of any taxpayer that owns property for which bonus
23	depreciation was allowed in the current taxable year or in an
24	earlier taxable year equal to the amount of adjusted gross income
25	that would have been computed had an election not been made
26	under Section 168(k) of the Internal Revenue Code to apply bonus
27	depreciation to the property in the year that it was placed in
28	service.
29	(6) Add an amount equal to any deduction allowed under Section
30	172 of the Internal Revenue Code.
31	(7) Add or subtract the amount necessary to make the adjusted
32	gross income of any taxpayer that placed Section 179 property (as
33	defined in Section 179 of the Internal Revenue Code) in service
34	in the current taxable year or in an earlier taxable year equal to
35	the amount of adjusted gross income that would have been
36	computed had an election for federal income tax purposes not
37	been made for the year in which the property was placed in
38	service to take deductions under Section 179 of the Internal
39	Revenue Code in a total amount exceeding twenty-five thousand
40	dollars (\$25,000).
41	(8) Add an amount equal to the amount that a taxpayer claimed as
42	a deduction for domestic production activities for the taxable year



1	under Section 199 of the Internal Revenue Code for federal	
2	income tax purposes.	
3	(9) Subtract income that is:	
4	(A) exempt from taxation under IC 6-3-2-21.7; and	
5	(B) included in the insurance company's taxable income under	
6	the Internal Revenue Code.	
7	(e) In the case of trusts and estates, "taxable income" (as defined for	
8	trusts and estates in Section 641(b) of the Internal Revenue Code)	
9	adjusted as follows:	
10	(1) Subtract income that is exempt from taxation under this article	
11	by the Constitution and statutes of the United States.	
12	(2) Subtract an amount equal to the amount of a September 11	
13	terrorist attack settlement payment included in the federal	
14	adjusted gross income of the estate of a victim of the September	
15	11 terrorist attack or a trust to the extent the trust benefits a victim	
16	of the September 11 terrorist attack.	
17	(3) Add or subtract the amount necessary to make the adjusted	
18	gross income of any taxpayer that owns property for which bonus	
19	depreciation was allowed in the current taxable year or in an	
20	earlier taxable year equal to the amount of adjusted gross income	
21	that would have been computed had an election not been made	
22	under Section 168(k) of the Internal Revenue Code to apply bonus	
23	depreciation to the property in the year that it was placed in	
24	service.	
25	(4) Add an amount equal to any deduction allowed under Section	
26	172 of the Internal Revenue Code.	
27	(5) Add or subtract the amount necessary to make the adjusted	
28	gross income of any taxpayer that placed Section 179 property (as	
29	defined in Section 179 of the Internal Revenue Code) in service	
30	in the current taxable year or in an earlier taxable year equal to	
31	the amount of adjusted gross income that would have been	
32	computed had an election for federal income tax purposes not	
33	been made for the year in which the property was placed in	
34	service to take deductions under Section 179 of the Internal	
35	Revenue Code in a total amount exceeding twenty-five thousand	
36	dollars (\$25,000).	
37	(6) Add an amount equal to the amount that a taxpayer claimed as	
38	a deduction for domestic production activities for the taxable year	
39	under Section 199 of the Internal Revenue Code for federal	
40	income tax purposes.	
41	(7) Subtract income that is:	
12	(1) exampt from taxation under IC 6 3 2 21 7; and	



1	(B) included in the taxpayer's taxable income under the	
2	Internal Revenue Code.	
3	(f) This subsection applies only to the extent that an individual paid	
4	property taxes in 2004 that were imposed for the March 1, 2002,	
5	assessment date or the January 15, 2003, assessment date. The	
6	maximum amount of the deduction under subsection (a)(17) is equal	
7	to the amount determined under STEP FIVE of the following formula:	
8	STEP ONE: Determine the amount of property taxes that the	
9	taxpayer paid after December 31, 2003, in the taxable year for	
0	property taxes imposed for the March 1, 2002, assessment date	
1	and the January 15, 2003, assessment date.	
2	STEP TWO: Determine the amount of property taxes that the	
.3	taxpayer paid in the taxable year for the March 1, 2003,	
4	assessment date and the January 15, 2004, assessment date.	
.5	STEP THREE: Determine the result of the STEP ONE amount	_
6	divided by the STEP TWO amount.	
7	STEP FOUR: Multiply the STEP THREE amount by two	
.8	thousand five hundred dollars (\$2,500).	
9	STEP FIVE: Determine the sum of the STEP FOUR amount and	
20	two thousand five hundred dollars (\$2,500).	
2.1	SECTION 2. [EFFECTIVE JANUARY 1, 2009] IC 6-3-1-3.5, as	
22	amended by this act, applies only to taxable years beginning after	
23	December 31, 2008.	
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COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 330, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 330 as introduced.)

MEEKS, Chairperson

Committee Vote: Yeas 11, Nays 0.







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